

**Box Elder Family Support  
Center**

**Year Ended June 30, 2005**

**Financial Statements**

**And**

**Independent Auditor's Report**

**With Supplementary Information**

**and**

**Compliance Reports**

**SHAW & CO., P.C.**

Certified Public Accountants & Business Advisors

# **Box Elder Family Support Center**

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# SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Box Elder Family Support Center  
Brigham City, UT

We have audited the accompanying statement of financial position of Box Elder Family Support Center (a nonprofit organization) as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2004 financial statements and, in our report dated September 15, 2004, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Box Elder Family Support Center as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2005 on our consideration of Box Elder Family Support Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Shaw & Co., P.C.

Bountiful, Utah  
December 20, 2005

**Box Elder Family Support Center**  
**Statement of Financial Position**  
**June 30, 2005**  
**With Comparative Totals For June 30, 2004**

	<u>6/30/2005</u>	<u>6/30/2004</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 35,752	\$ 66,738
Accounts and grants receivable	<u>47,042</u>	<u>16,131</u>
Total current assets	<u>82,794</u>	<u>82,869</u>
Fixed assets, at cost		
Land	27,000	27,000
Building	209,813	188,459
Furniture and equipment	<u>15,216</u>	<u>14,006</u>
Total fixed assets	<u>252,029</u>	<u>229,465</u>
Less accumulated depreciation	<u>(23,562)</u>	<u>(11,942)</u>
Net fixed assets	<u>228,467</u>	<u>217,524</u>
Total assets	<u>\$ 311,261</u>	<u>\$ 300,393</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ -	\$ 1,201
Accrued liabilities	5,188	3,996
Current portion of long-term debt	<u>1,209</u>	<u>1,264</u>
Total current liabilities	<u>6,397</u>	<u>6,461</u>
Long-term debt, net of current portion	<u>22,984</u>	<u>17,445</u>
Total liabilities	<u>29,381</u>	<u>23,906</u>
Net assets		
Unrestricted	277,991	259,081
Temporarily restricted	3,889	17,406
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>281,880</u>	<u>276,487</u>
Total liabilities and net assets	<u>\$ 311,261</u>	<u>\$ 300,393</u>

See accompanying notes to financial statements.

**Box Elder Family Support Center**  
**Statement of Activities**  
**Year Ended June 30, 2005**  
**With Comparative Totals For The Year Ended June 30, 2004**

	<u>6/30/2005</u>			<u>6/30/2005</u>	<u>6/30/2004</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>					
Utah Division of Child and Family Services	\$ 178,091	\$ -	\$ -	\$ 178,091	\$ 172,234
Brigham City TAG Program	38,732	-	-	38,732	13,037
Public Donations	25,836	-	-	25,836	12,229
Commission on Criminal and Juvenile Justice	15,000	-	-	15,000	-
United Way	6,351	3,889	-	10,240	6,299
Association of Family Support Centers	4,990	-	-	4,990	4,940
Other revenue	2,976	-	-	2,976	3,036
Bear River Association of Governments	1,500	-	-	1,500	1,500
Interest income	141	-	-	141	219
Net assets released from restrictions	<u>17,406</u>	<u>(17,406)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>291,023</u>	<u>(13,517)</u>	<u>-</u>	<u>277,506</u>	<u>213,494</u>
<b>EXPENSES</b>					
Program services	236,285	-	-	236,285	193,550
Management and general	18,140	-	-	18,140	14,791
Fundraising	<u>17,688</u>	<u>-</u>	<u>-</u>	<u>17,688</u>	<u>14,484</u>
	<u>272,113</u>	<u>-</u>	<u>-</u>	<u>272,113</u>	<u>222,825</u>
Change in net assets	18,910	(13,517)	-	5,393	(9,331)
Net assets, beginning of year	<u>259,081</u>	<u>17,406</u>	<u>-</u>	<u>276,487</u>	<u>285,818</u>
Net assets, end of year	<u>\$ 277,991</u>	<u>\$ 3,889</u>	<u>\$ -</u>	<u>\$ 281,880</u>	<u>\$ 276,487</u>

See accompanying notes to financial statements.

**Box Elder Family Support Center**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2005**  
**With Comparative Totals For The Year Ended June 30, 2004**

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>6/30/2005 Total</u>	<u>6/30/2004 Total</u>
Salaries and wages	\$ 139,030	\$ 10,336	\$ 10,383	\$ 159,749	\$ 142,065
Payroll taxes	11,063	822	827	12,712	11,135
Employee benefits	<u>11,184</u>	<u>906</u>	<u>841</u>	<u>12,931</u>	<u>13,138</u>
 Total salaries and related expenses	 161,277	 12,064	 12,051	 185,392	 166,338
Stipends	8,723	706	656	10,085	3,430
Program supplies	7,492	608	563	8,663	3,558
Office expense	7,400	599	557	8,556	6,532
Groceries	7,289	591	547	8,427	2,677
Other expenses	6,014	488	453	6,955	2,965
Supplies	5,001	405	376	5,782	3,034
Insurance	4,367	354	328	5,049	7,549
Occupancy	4,168	338	314	4,820	4,580
Travel	3,562	288	267	4,117	3,758
Communications	2,878	233	216	3,327	3,786
Professional fees	2,304	186	173	2,663	2,399
Program Incentives	2,074	168	156	2,398	150
Shop with a Cop	1,911	155	143	2,209	2,325
Conferences	1,573	127	118	1,818	1,098
Interest expense	<u>201</u>	<u>16</u>	<u>15</u>	<u>232</u>	<u>369</u>
 Total expenses before depreciation	 226,234	 17,326	 16,933	 260,493	 214,548
Depreciation	<u>10,051</u>	<u>814</u>	<u>755</u>	<u>11,620</u>	<u>8,277</u>
 Total expenses	 <u>\$ 236,285</u>	 <u>\$ 18,140</u>	 <u>\$ 17,688</u>	 <u>\$ 272,113</u>	 <u>\$ 222,825</u>

See accompanying notes to financial statements.

**Box Elder Family Support Center**  
**Statement of Cash Flows**  
**Year Ended June 30, 2005**  
**With Comparative Totals For The Year Ended June 30, 2004**

	<u>6/30/2005</u>	<u>6/30/2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,393	\$ (9,331)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	11,620	8,277
Changes in current assets and liabilities:		
Accounts receivable	(30,911)	69,280
Accounts payable	(1,201)	-
Accrued liabilities	<u>1,192</u>	<u>1,065</u>
Net cash provided by (used in) operating activities	<u>(13,907)</u>	<u>69,291</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	<u>(22,563)</u>	<u>(19,802)</u>
Net cash (used in) investing activities	<u>(22,563)</u>	<u>(19,802)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	6,699	18,709
Principal payments on long-term debt	<u>(1,215)</u>	<u>(35,000)</u>
Net cash provided by (used in) financing activities	<u>5,484</u>	<u>(16,291)</u>
Net change in cash	(30,986)	33,198
Cash and cash equivalents, beginning of year	<u>66,738</u>	<u>33,540</u>
Cash and cash equivalents, end of year	<u>\$ 35,752</u>	<u>\$ 66,738</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 231</u>	<u>\$ 369</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**Box Elder Family Support Center**  
**Notes to Financial Statements**  
**June 30, 2005**

**1. ORGANIZATION BASIS OF PRESENTATION**

Box Elder Family Support Center (the "Organization") was incorporated under the laws of the State of Utah as a nonprofit corporation on June 15, 1995. The Organization's purpose is to provide education and supportive services to strengthen the family unit and enhance family functioning. The Organization does this by providing short-term respite and emergency care, parenting classes and in-home parenting instruction to children and their parents.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Statements of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations" and SFAS No. 116, "Accounting for Contributions Received and Contributions Made."

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classes of Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.
- b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.
- c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of 3 months or less.

Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been established because management believes that all receivables are fully collectible.



#### Contributions

Unconditional promises to give are recognized as revenue when the underlying promises are received by the Organization. Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restrictions ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

#### Fixed Assets

Fixed assets are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$1,000. Depreciation expense is provided on a straight-line basis over the following estimated useful lives of the respective assets, which range from five to thirty years.

#### Income taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2005.

#### Government Funding

Funding from all government sources is considered to be unrestricted as long as it is expended under contract guidelines and is expended in the period for which it is contracted.

#### Concentration of Credit Risks

The Organization maintains cash balances in a banking institution. Accounts in this institution are insured by the National Credit Union Administration up to \$100,000.

The Organization receives a significant amount of its funding from government sources. Decreases in this government support would have an adverse effect upon the Organization.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2005, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Notes (continued)

Reclassifications

Certain items from June 30, 2004 have been reclassified to conform to the June 30, 2005 presentation.

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following at June 30, 2005:

Utah Division of Child and Family Services	\$ 26,231
Brigham City Corporation	10,339
CCJJ grant	5,083
Bear River Association of Governments	1,500
United Way - Yearly allocation	<u>3,889</u>
	<u>\$ 47,042</u>

**4. LONG-TERM DEBT**

Long-term debt consists of a note payable to a government agency. The balance outstanding as of June 30, 2005 was \$24,193. The note accrues interest at 1.00% annually and is payable in 240 monthly installments. The note is secured by a Deed of Trust. Future maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	
2006	\$ 1,209
2007	1,221
2008	1,233
2009	1,246
2010	1,258
Thereafter	<u>18,026</u>
	<u>\$ 24,193</u>

Interest expense for the year ended June 30, 2005 was \$231.

**5. UTAH DIVISION OF CHILD AND FAMILY SERVICES**

The individual contracts and grants received from the Utah Division of Child and Family Services for the year ended June 30, 2005 were as follows:

Crisis/Respite Nursery	\$ 110,615
Therapy	29,934
Outreach	20,000
Children's Trust	6,038
State Shelter	<u>11,504</u>
	<u>\$ 178,091</u>

**6. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at June 30, 2005:

United Way	\$ <u>3,889</u>
	<u>\$ 3,889</u>

The Organization receives funding from United Way which is on a calendar year basis. The 2005 allocation from United Way is considered a conditional promise to receive and in accordance with SFAS No. 116 the entire annual amount must be recorded as of June 30, 2005. In the accompanying statements of financial position and statement of activities the balance due of \$3,889 is recorded as an account receivable and as temporarily restricted net assets.

**7. PRIOR YEAR INFORMATION**

The financial statements for the year ended June 30, 2004 are presented for comparative purposes only. The notes presented herein contain information regarding June 30, 2005. Please refer to the June 30, 2004 audited financial statements for information regarding the notes for that year.

**SUPPLEMENTARY INFORMATION**

**AND**

**COMPLIANCE REPORTS**

# SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors  
Box Elder Family Support Center  
Brigham City, UT

We have audited the financial statements of Box Elder Family Support Center (a nonprofit organization) as of and for the year ended June 30, 2005, and have issued our report thereon dated December 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Box Elder Family Support Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Box Elder Family Support Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Shaw & Co., P.C.

Bountiful, Utah  
December 20, 2005

# SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

## REPORT ON COMPLIANCE WITH STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE

The Board of Directors  
Box Elder Family Support Center  
Brigham City, UT

We have audited the financial statements of Box Elder Family Support Center (a nonprofit organization) for the year ended June 30, 2005 and have issued our report thereon dated December 20, 2005. As part of our audit, we have audited Box Elder Family Support Center's compliance with the requirements governing types of services allowed or unallowed; eligibility; and matching that are applicable to its major State award program as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. Box Elder Family Support Center received the following major State assistance program from the State of Utah:

Crisis Nursery/In-home Respite (Utah Department of Human Services)

Box Elder Family Support Center also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of Box Elder Family Support Center's financial statements.)

Outreach/Parent Advocate (Utah Department of Human Services)  
Therapy/Safe & Stable Families (Utah Department of Human Services)  
Parenting Classes (Utah Department of Human Services)  
State Shelter Care (Utah Department of Human Services)

The management of Box Elder Family Support Center is responsible for its compliance with the compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Box Elder Family Support Center's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Box Elder Family Support Center complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; and matching that are applicable to its major State assistance program for the year ended June 30, 2005.

Shaw & Co., P.C.

Bountiful, Utah  
December 20, 2005